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Notes concerning the economic
situation between the Allies
and Germany before and
after the war.

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Notes concerning the economic
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Cur. war 1914 - date - econ. aspects
Commercial aspects

After 1870 Germany developed her agriculture, her industries, her commerce, her mercantile navy and her banking system to serve as so many auxiliaries to her military and naval power.

At first she made use of legitimate means, which may be summarised as follows :—

She worked out with great care and attention and applied with continuity her protectionist tariff.

She devised various means to encourage the output and to favour the exportation of her manufactures.

She utilised unceasingly her excellent system of education as well as her various agricultural, industrial, commercial and technical institutions in order to equip her people,

each one in his sphere, with the necessary knowledge to render to his country the most useful and the most valuable services.

Lastly, she maintained the ancient custom of apprenticeship in the workshops and professions.

Her protectionist tariff enabled her :—

- (a) to limit her imports to a strict minimum ;
- (b) to give her undertakings full opportunity to establish themselves securely ;
- (c) to provide permanent employment for her population.

By means of her educational system and her institutions, she gave her people an advanced primary education and instilled into them thoroughness, organisation and diligence. Her artisans were perfected in their trades, her manufacturers were enabled to improve their technical knowledge in order to keep their factories at the height of efficiency, economy and progress. Her future traders and bankers received special tuition to undertake and conduct business of all descriptions, of all magnitude, in all the leading languages and in all countries. Moreover, her scientific

chemists and electricians, her mining, metallurgical, mechanical and agricultural engineers, and her other technicians and scientists found at their disposal, at little cost, all the desirable facilities to acquire the most complete scientific knowledge.

Germany placed herself also in the front rank among nations as regards trade associations between her agriculturists, between her manufacturers, between her shipowners, etc., not only for the defence and protection of their common trade interests, but also to study in co-operation means of progress and economy, which markets to exploit and fight for, and what undesirable competition to avoid.

It is therefore clear that in future, in order to protect ourselves properly in our trades and businesses against Germany, we must before all, individually and jointly, as nations and as allies, at least equal her in the tremendous and commendable efforts which she put forward, and which have constituted the basis of her prosperity. Furthermore, to form capable men in sufficient numbers, we must arouse the individual from mediocrity and from indif-

ference, not only to hold our own but to press forward from progress to progress.

But in order not to overestimate the successes which Germany owes solely to her honest labour, it should be borne in mind that she has been largely assisted by the world's expansion, which coincided with her forward movement, and that the other countries have, curiously enough, either by principle, credulity, want of foresight or heedlessness, offered no serious or concerted opposition to her policy. It is evident that she would never have gained the many advantages over us which have become so manifest with the war, if we had fought her in proper time by adopting an economic policy similar to her own.

Again, to properly judge the difficulties of the economic situation we have to combat, we should also discriminate between the first successes legitimately obtained by Germany and her later conquests in the business world. Nor should we lose sight of the fact, that to achieve her great economic strides, Germany employed more and more unscrupulous means, and that in this way she had in many cases a free road for her operations. In any

case, those who have closely followed the course of events, or who have been engaged in commercial and industrial strife, are familiar with the phases of her economic progress.

Germany being intoxicated with a prosperity beyond her expectations, did not remain content with flooding all foreign markets with her manufactures, but became sordidly ambitious and aggressive. Her trade associations united all their resources and strength, and systematically delivered combined attacks against certain branches of commerce and industry, in order to seize the businesses or trades which she coveted. That is what she called her "Realpolitik," namely, following a materialistic and egotistical policy by means of organisations and schemes in which individual capabilities were only of secondary importance.

After this she cultivated her "Welt-politik." In this world policy she showed no spirit of reciprocity, nor of straightforwardness, nor of justice, and she still less distinguished herself in questions of liberty, civilisation, ideals or culture. This policy was not only cynically realistic but also demoralising. Its avowed aim was the conquest of

advantages all over the world by all available means. In this train of thought, she conceived a plot which was the most complete, and to all nations the most hostile and most dangerous, that the world has ever seen. This conspiracy which Germany designed with consummate craft had clearly for its aims :—

- (a) to secure the monopoly over all the supplies of raw materials of vital importance ;
- (b) to obtain the control of fundamental industries ;
- (c) to monopolise the trade in indispensable products.

These three objects were linked together, and she succeeded to a large extent in carrying them out. In consequence, various trades found themselves at her mercy for their supplies and therefore for their existence ; others were compelled to vegetate or were put hors de combat, and through these circumstances numbers of men were at times thrown out of regular employment. In this connection we should not overlook that Trade Unions have unhappily aggravated this situation in not taking sufficiently into account the nature of the diffi-

culties that their employers were beset with, and in losing sight of the fact, that their interests were joint and mutual, especially in the face of hostile manoeuvres by foreign rivals.

Germany's influence became so preponderating in universal economic matters that she was able, in certain instances, to dictate prices and terms, first to the owners of the raw materials, then to the manufacturers of the raw products or finished articles, and finally to the dealers. In this way they were all tied up and taxed, and our industrial and commercial activities were in consequence paralysed and our economic independence was jeopardised.

It is also easy to see that under the policy of the open door or partly open door, the ruling prices have not always been normal, *i.e.*, those freely resulting from the law of supply and demand, but have been influenced or fixed arbitrarily by giant manufacturers and merchants, or by the "Verbaende" or syndicates of Germany.

Under these conditions, the benefit which should have resulted from Free Trade has in various cases become precarious and illusory. Besides, it is clear that the policy of the open

door has been favourable to Germany in her economic conspiracies.

The enormous profits which Germany obtained through her "Real- and Weltpolitik" enabled her to render her military power formidable and menacing. Then she began to think herself irresistible from all points of view. Saturated with false doctrines she professed and taught the cult of brutal force and of perverse means for the purpose of extending her control in universal economic life and to render it invincible. In short, she tried to reduce humanity to a kind of economic servitude in her power.

Finally, she proclaimed herself the salt of the earth, the producer of "Uebermenschen," or supermen who set forth as the sole possessors of a "Kultur" or scientific civilisation, and as gifted with a "Sinnesart," or working of the mind that had not been revealed to others. She determined she would not tolerate any further obstacle or delay in the accomplishment of her designs; she made known her demands through "Unterhaltungen," or diplomatic conversations which she brought about, and which led to a series of crises more and more acute and also to

a perpetual general uneasiness among nations as to the maintenance of peace.

Europe, not giving way before Germany's arrogance and the realisation of her dreams of greed, conquests and domination being only attainable through war, her supermen did not hesitate to resort to it, nor to trample under their feet her most sacred pledges, nor to spread their frightfulness and inhumanity wherever they could, even in territories the freedom of which she had solemnly guaranteed.

It is in this manner that, stage by stage, Germany, with her "Realpolitik" and her "Weltpolitik," her "Kultur" and her "Sinnesart," has brought the world to the present cataclysm.

It should now be clear to everyone that the economic questions are not only inseparable from the origin of war, but that they are also the pivot of the general situation with which we shall be confronted at the suspension of the hostilities. Our interest, our security and our independence in the future depend as much upon the nature of the solutions which we shall give to these questions as upon the victory of

our brave armies and navies. That is why the Allies should at once make the most diligent, the most complete and the most thorough examination of these problems. If we fail to agree in good time as to their proper solutions we shall, without the least doubt, fall back into the nets of Germany, who is watching us with her organisations, her plans and her wiles in order to divide us and to conquer us completely on all grounds after the war.

Therefore it is self-evident that we must not reopen our frontiers to her, nor negotiate with her conventions as in the past, and we should bear in mind that any compromise with her on these questions will rapidly be forged by her into a weapon against us.

The only means by which the Allies can protect themselves against the tyrannical policy, methods and aspirations of Germany, is to put themselves into a position before the conclusion of the hostilities, to signify to her the adoption of a radical, complete and definite protective policy, as well as of a complete set of general precautionary measures.

As to the duties of the new tariffs to be applied by the Allies against Germany, they

must of necessity be those called prohibitive, i.e., duties that will free us completely from all danger of encroachment, monopoly and subjection in future. These duties can without doubt be easily selected from the present tariffs of the nations of the world, and where necessary a "surtaxe" should also be imposed. The application of these new tariffs will naturally produce a great upset in trade relations, especially at the beginning, but it will not cause the harm one might expect, as compensations which are now unforeseen or which can already be easily foreseen, will be found and established.

Gradually the Allies will exchange between themselves what they used to exchange with Germany, and if everyone will strive, with tenacity and goodwill, to adapt his business, trade or circumstances to the new condition of affairs, the difficulties which were feared will be more or less transient and will in most cases disappear.

As regards the raw materials or the raw products which came from Germany, necessity being the mother of invention, new means will certainly be found by the Allies to produce

them, to replace them, or to do without them. In any case we should be ready and resolute to bear any loss and inconvenience during the necessary period of reparation and redress which the Allies must exact from Germany.

Free Trade under normal conditions is the system which is the most just and from which as a whole, nations should derive the greatest advantages, but in the face of the experience we have had in our relations with Germany, we may presume that the great majority of Free Traders will be as ardent supporters as the Protectionists themselves of a special protective policy against Germany, especially as it is not intended to serve private interests nor dictated in a spirit of hate or reprisal.

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